

KEYNOTE ADDRESS

**YB TUAN BARU BIAN
MINISTER OF WORKS, MALAYSIA**

**Engineering Procurement Construction (EPC)
Summit 2019**

**My Space 2 @ MITEC
24 June 2019 (Monday)**

[Final salutations to be provided on event day]

Tan Sri/Puan Sri/Datuk/Datin

Distinguished Guests and Speakers, Ladies and Gentleman,

Members of the Media,

1. Good Morning, Salam Sejahtera and *Selamat Datang*. Let me start by saying thank you. It is an honor to be at the **EPC-SUMMIT 2019 organized by PMCC CORPORATION**. Thank you to everyone who made this event possible and of course, thank you to all present today. Thank you to the Organizers for selecting me to be one of the speakers to share my thoughts and views with all of you here today. I'm amazed to see 200 participants from all-over South-East Asia, who took the time to be here in Malaysia and also would like to welcome all esteemed presenters for this event.

2. I am pleased with the support and response by the local and international industry players and is confident your presence here in Kuala Lumpur will be a fruitful experience and that this seminar will be yet another great success. My sincere congratulations to the Organizing Committee for their efforts in making this seminar a resounding success in terms of participation and organizational professionalism.

3. Now, let me tell you a bit about my history before I share with you my vision for Malaysia's future. I come from a place called Long Lopeng, Sarawak. Not sure how many of you present here have heard about this place, but Long Lopeng is a small settlement far away from any major city. Growing up, my father taught me the importance in preserving nature and I spent my childhood learning how to thrive in it. He also insisted that my education should be my top priority even if it means trekking for 3 days to reach my school.

4. Obviously, a lot of time has passed since then, but throughout my years in school and as a practicing lawyer, I never forgot my roots. What does my upbringing have to do with this event? Well, because of my immersion in nature as a child, my instincts always sway towards preservation. Towards sustainability.

5. My plan for Malaysia with my position at the ministry is to bring better connectivity to Malaysia especially to rural areas that desperately need it. I don't want Malaysia's children to hike for three days just to get to their neighboring city as I did during my childhood. This process of achieving that is going to take a lot of work but our path is clear.

6. Ministry of Works is responsible for infrastructure development executed as per plan and provide advisory services to other technical agencies to achieve its vision in spearheading infrastructure development and construction industry. Our focus is on providing infrastructures projects that will benefit all Malaysians. The priority of the Ministry is to develop facilities and amenities for the betterment of the people. This include maintaining and developing federal roads and buildings, enhance mobility and connectivity especially those in rural areas.

7. The Department of Statistic Malaysia reported that the value of construction work done in the first quarter 2019 recorded a growth of 0.7 per cent year-on-year to record RM37.4 billion (Q4 2018: RM36.5 billion). The expansion in value of construction work done was driven by positive growth in Civil engineering sub-sector with 9.5 per cent and Special trades' activities sub-sector with 4.3 per cent. However, the Non-

residential and Residential buildings sub-sector decline to 4.4 per cent and 7.4 per cent respectively.

8. In terms of contributions, Civil Engineering sub-sector continued to dominate the performance of value of construction work done with 41.1 per cent share, followed by Non-residential buildings (27.3%), Residential Buildings (24.5%) and Special Trades activities (5.2%). The private sector continued to propel the construction activity with 56.0 per cent share (RM20.9 billion) as compared to the public sector with 44.0 per cent share (RM16.5 billion).

9. The construction industry in Malaysia comprises of the 6 areas including the GDP contribution, employment creation, the value creation, SMEs development, socio-economic development and income generation. At the moment, Malaysia's labour productivity grew 2.4 per cent in the first quarter of 2019 (Q1 2019), reflecting the expansion of the country's economic performance at 4.5 per cent and the construction sector posted the highest growth of 4.5 per cent. However, as of December 2018, 514,200 people which is 3.3 per cent of Malaysian labour force, were unemployed in our economy with the number of unemployed people increasing at the rate of 2.3 per cent year-on-year, from 502,600 people as at end of 2017. According to Bank Negara, foreign labour, primarily low-skilled, made up

15.5% of total workforce as at end of 2017. They are mostly in the manufacturing, construction and agricultural sectors, causing these sectors to suffer from low productivity.

10. Times have certainly changed tremendously in the years since and various challenges have arisen in the global economic environment. In the digital age today, the adoption and adaptation of new technologies and innovations is no longer an option but a necessity in our quest to enhance the productivity of the construction industry. We are living in an age of unprecedented challenges of current construction practices such as labour intensive, high rate of fatality, ageing population, migration and cultural diversity, urbanisation, rise of the robots, high volume of industrial waste, not environmentally friendly and high cost of building.

11. As a developing country that driven by domestic demand and broad-based growth, Malaysia cannot run from experiencing the issues of technology, manpower and cost across all sectors. Hence, our priority includes empowering human capital through reskilling and upskilling on the latest digital technology to fill the growing needs of skilled workforce in this industry and to reduce the talent gap. The Construction Industry Transformational Program (CITP) which is launched in 2015 as the 5 years construction master plan is also being reviewed to strengthen the mechanism

and targets of the master plan. The Ministry of Works together with various ministries and agencies are committed in propelling the initiatives and mechanisms under the CITP and the IR 4.0 road map to address the challenges which persist in the construction industry.

12. CITP with the theme “Driving Construction Excellence Together” focuses on 4 thrusts; Quality, Safety and Professionalism, Environmental Sustainability, Productivity and Internalisation. The CITP aims to achieve 2.5 times increase in productivity to USD 16,500 per worker, large infrastructure projects exceed sustainability requirement, and to create greater business competitiveness of Malaysian construction companies. Through CITP and IR 4.0 road map, the ministry will focus on embracing the global construction technology such as smart life-cycle, automated constructions equipment and technologies to digitalize the construction industry.

13. The use of advanced technologies is the way forward and we cannot afford to be left behind as Industry Revolution 4.0 continues to take shape around us as well as across the entire construction value chain. The construction industry is under a significant paradigm shift. When we look back throughout this industry’s history we notice some great advancements have taken place such as “Smart” is the new “Green”, the mega trend

of the past decade, green products will be replaced by smart products and services.

14. As the end of the year approaches and we look ahead to 2020 there's no reason we shouldn't expect more of the same to occur. Mega trends in construction industry revolves around the project management and procurement in industry 4.0, digital construction and information system management, development of smart cities and big data mobility. From the topics that will be discussed today, I can see that this conference will be impactful as they are all about emphasizing the efficiency, cost effectiveness and at the end of the day it is all about sustainability and digital economy.

15. In recent years, more emphasis is being placed on the digital economy as part of Malaysia's development. However, this should not come at the expense of the improvement of basic infrastructure and facilities for the people of Malaysia. One of our mega project, the Pan Borneo Highway is a 2,300 km highway projects linking Sarawak and Sabah for better road connectivity between the cities, towns and villages projected to benefit up to a million users and aims to enhance its connectivity in the East Malaysia region. The link shall be a new turbine to generate income for local industries, ultimately contributing to the growth of Malaysian economy.

16. It is these kinds of projects and developments with which we as a nation can achieve greater heights of a new Malaysia. In Ministry of Works, we have adopted Building Information Modelling also known as BIM. BIM in Malaysia is not something that we just started, but it is already implemented in the Pan Borneo Highway that was recently announced winner of Bentley System's 'Year in Infrastructure 2018' award for Roads and Highways, presented in London on 18 October 2018. The use of BIM in the Pan Borneo Highway also received the "Public Services Construction Application Award" at the Building Smart Hong Kong 4th International BIM Awards Conference held on 15 October 2018 at Hong Kong. Just recently in April, I was invited to as the guest of honor for the certification of Forest City's Industrialized Building System (IBS) which has entered the Malaysia Book of Records as the largest fully automated IBS factory in Malaysia. As you can see, Malaysia is well on its way to achieving its goal of a digitalised economy.

17. Ministry of Works are moving towards "digitalising the construction industry" which to focus on upgrading and to optimise productivity in construction industry through technology to push forward the initiatives of technology advancement, digitalisation and innovation. It is not merely just about the development of mechanism, software and robotic but as well as

to provide data, real-time information, more efficient system that will connecting the Ministry and its agencies also other related stakeholder to bridge the aspiration of transparency, connectivity between ministries, stakeholders and also the end-users.

18. We have departments dedicated to creating a Master Plan for our country. We want to build smart cities; interconnected infrastructure and we want to do all of this with sustainability in mind. We want to mould our future and bring all our industries together, with seamless communication and cooperation. It is through these efforts, these events and these projects, that our vision for the future can be realized.

19. The strategic focus of today's conference holistically combines different element through digitalization, while significantly embracing innovation in this forth industrial revolution. The excitement on embracing the sustainability through technology and innovation is celebrated by the whole Malaysia as Malaysia will be hosting APEC 2020 and one of the priorities is "Driving the APEC Digital Future" emphasizing on the digital economy roadmap and industry 4.0. Thus, I wish that the collective mind of you today could be utilized to strengthen our bilateral collaboration through a technology driven market, where we could all enjoy the benefits equally in this era.

20. On that note, Ladies and Gentlemen, with honour, I would like to wish all the best and I hope all of you enjoy the event! Thank you very much.